

# **Washington State Auditor's Office**

## **Audit Report**

### **Audit Services**

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Report No. 58055

**PORT OF WILLAPA HARBOR**

Pacific County, Washington

January 1, 1994 Through December 31, 1995

Issue Date: March 7, 1997

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**PORT OF WILLAPA HARBOR**  
**Pacific County, Washington**  
**January 1, 1994 Through December 31, 1995**

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**Independent Auditor's Report On Compliance With State  
Laws And Regulations**

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Board of Commissioners  
Port of Willapa Harbor  
Raymond, Washington

We have audited the financial statements, as listed in the table of contents, of the Port of Willapa Harbor, Pacific County, Washington, as of and for the fiscal years ended December 31, 1994 and 1995, and have issued our report thereon dated January 16, 1997.

We also performed tests of compliance with state laws and regulations as required by *Revised Code of Washington* (RCW) 43.09.260. This statute requires the State Auditor to inquire as to whether the port complied with the laws and the *Constitution of the State of Washington*, its own ordinances and orders, and the requirements of the State Auditor's Office.

Compliance with these requirements is the responsibility of the port's management. Our responsibility is to make a reasonable effort to identify any instances of misfeasance, malfeasance, or nonfeasance in office on the part of any public officer or employee and to report any such instance to the management of the port and to the Attorney General. However, the objective of our audit of the financial statements was not to provide an overall opinion on compliance with these requirements. Accordingly, we do not express such an opinion.

The results of our tests indicated that, with respect to the items tested, the port complied, in all material respects, with the applicable laws and regulations referred to in the preceding paragraphs. However, we noted an instance of noncompliance of regulatory requirements immaterial to the financial statements which is identified in the Schedule of Findings accompanying this report. With respect to items not tested, nothing came to our attention that caused us to believe that the port had not complied, in all material respects, with those provisions.

This report is intended for the information of management and the board of commissioners and to meet our statutory reporting obligations. This report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Brian Sonntag  
State Auditor

January 16, 1997

PORT OF WILLAPA HARBOR  
Pacific County, Washington  
January 1, 1994 Through December 31, 1995

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Schedule Of Findings

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1. The Port Should Provide Medical Benefits Only To Those Eligible

On September 11, 1995, the Port of Willapa Harbor Commission agreed to provide medical benefits to its attorney and his family, in-lieu-of the attorney's monthly retainer fee. The attorney and his dependents were included in the port's policy with the Health Care Authority for medical benefits.

The minutes of the commission meeting on this date noted that the attorney had received advice from the State Auditor's Office and the Attorney General that "coverage is to be provided for employees only." Despite this advice, the commission approved the granting of medical benefits, subject to a supplementary agreement with the attorney. This supplementary agreement was an indemnification of the port should the provision of medical benefits be found to be invalid and required the attorney to reimburse the port for any costs incurred.

RCW 41.04.180 states in part:

Any . . . municipality, or other political subdivision of the state  
. . . may . . . provide for all or a part of hospitalization and medical aid  
for its **employees and their dependents** . . . . (Emphasis added.)

RCW 53.08.170 states in part:

. . . any district providing insurance benefits for its employees . . . may  
provide health . . . insurance with coverage not to exceed that provided  
district employees . . . for its commissioners . . . .

Also, the port's personnel policies, as adopted by Resolution 714-92, state in part:

A part-time employee will not be eligible for benefits other than required  
by law.

The statutes referenced above allow provision of medical benefits to port employees and commissioners. The attorney is not a port employee, but an independent contractor, under definitions established by the Internal Revenue Service. Other than commissioners, we find no statutory authority for nonemployees to receive employee benefits. Additionally, the port's personnel policies prohibit extension of discretionary benefits to other than full-time employees.

We recommend the port discontinue providing the port attorney medical insurance, and limit benefits to those employees meeting port personnel policy requirements.

Auditee's Response

*Coverage for the Attorney has been terminated effective January 31, 1997.*

Auditor's Concluding Remarks

Based upon the port's response, it appears adequate corrective actions have been taken. We will review this issue again in our next regular examination.

We would like to thank the staff of the Port of Willapa Harbor for their cooperation and assistance throughout the course of the audit.

**PORT OF WILLAPA HARBOR**  
**Pacific County, Washington**  
**January 1, 1994 Through December 31, 1995**

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**Independent Auditor's Report On Financial Statements And Additional  
Information**

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Board of Commissioners  
Port of Willapa Harbor  
Raymond, Washington

We have audited the accompanying financial statements of the Port of Willapa Harbor, Pacific County, Washington, as of and for the fiscal years ended December 31, 1994 and 1995, as listed in the table of contents. These financial statements are the responsibility of the port's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Port of Willapa Harbor at December 31, 1994 and 1995, and the results of its operations and cash flows for the fiscal years then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedules of State Financial Assistance are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Brian Sonntag  
State Auditor

January 16, 1997